

BANK STOCK GAINS ON VIENNA BOARD

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Creditanstalt's Shares Up
40% Since Offering—First
Post-War Meeting Held

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VIENNA, July 7—Last Friday the largest commercial bank in Austria—the Creditanstalt-Bankverein—held its first general meeting of shareholders since World War II.

This event was of considerable significance because Creditanstalt had been state-owned from 1946 until last February, when the Government sold back 40 per cent of the share capital into private ownership.

Thirty per cent of the share capital of 500 million schillings was offered for sale publicly as non-voting preferred shares with a guaranteed minimum dividend of 6 per cent, at an issue price of 115, in low denominations known as volksaktien or people's shares. The remaining 10 per cent was offered as common stock with full voting rights at an issue price of 135.

Demand for both kinds of shares far exceeded available supply both when issued and later, especially after it became known that Creditanstalt would

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declare a dividend of 7 per cent for 1950 instead of the expected 6 per cent. On the Vienna Stock Exchange last Friday Creditanstalt-volksaktien were changing hands at 160—a gain of nearly 40 per cent since February.

At that price the yield was nearly 4.4 per cent against 5.22 per cent on the issue price.

Addressing shareholders at Friday's meeting, Dr. Josef Joham, general manager of Creditanstalt, emphasized that the supreme task of Austrian commercial banks was to enable the Austrian economy to adapt itself to conditions bound to prevail when the European Common Market and free trade area become realities. For this economic transformation, he said, Austria will need large amounts of new investment capital, for example to apply the principles of automation—the automatic control of machines and communications.

Primarily, Dr. Joham said, Austria must rely on her own resources in raising new investment capital. That means consumption must be curtailed and taxation revised to allow private savings to increase, he declared. Foreign loans and credits will be indispensable but will remain supplementary in character, he continued. Investment capital will be forthcoming only if Austrian currency is kept stable and price and wage levels maintained, Dr. Joham said.

The task of Austrian commercial banks will be to cultivate the capital market, directing all available resources to the most prolific uses, he declared. Savers in Austria must be persuaded to invest in shares rather than bonds, the meeting was told.

Dr. Joham said that shares would become attractive only if taxes were cut drastically. The corporation tax is 70 per cent of gross earnings, the dividend tax is 17.7 per cent.

Bond Offerings Rise Sharply
New state and municipal